

## **RETIREE HEALTH INSURANCE**

Howard County, Maryland ("County") established a Retiree Health Insurance Program ("Program") for Eligible Retirees effective February 25, 1986 and amended July 1, 1990, September 1, 1998, October 1, 2001 and July 1, 2009. The Program is subject to future appropriations of funding and is only available to the extent that assets in the Howard County Other Post-Employment Benefits Trust are available for use to fund the costs of the benefits and expenses of the Program.

From time to time the County may revise, amend, delete or otherwise change the Program, and reserves the right to do so. Since the Program has been amended several times since it was created, some provisions shown in this document may not apply to retirees who terminated before an amendment. Questions related to rules that may apply to a current retiree, but are no longer in effect for current employees should be directed to the County's Office of Human Resources. The County will pay a portion of the monthly Retiree Plan premium for Eligible Retirees based upon criteria outlined below:

### **DEFINITIONS**

As used in this general description of the Program, the following words have the meanings indicated:

#### **Active Employee Plan**

A medical, vision, prescription drug or dental insurance plan offered to active employees of the County.

#### **County Service**

Length of full time benefited employment with the County.

#### **Dependents**

Your spouse or dependent children as defined by the terms of the Active Employee Plan.

#### **Eligible Dependents**

Dependents as defined above who receive a Monthly Benefit Allowance at an Eligible Retiree's death.

#### **Eligible Retiree**

A Retiree, as defined below, who had at least 15 years of County Service and who was enrolled in an Active Employee Health Insurance Plan immediately preceding retirement.

#### **Monthly Benefit Allowance**

A monthly retirement income from the Maryland State Retirement and Pension System, the Howard County Retirement Plan or the Howard County Police and Fire Employees' Retirement Plan.

#### **Part Time County Service**

Length of part time benefited employment with the County.

**Retiree**

A former employee who is collecting a Monthly Benefit Allowance

**Retiree Plan**

For Retirees under age 65 the Active Employee Plan as defined above. For Retirees over age 65, any of the various over age 65 plans.

**Transferred Service**

Military Service or service with a Government Employer Retirement Plan recognized as transferred service or purchased service by the Maryland State Retirement and Pension System, the Howard County Retirement Plan, or the Howard County Police and Fire Employees' Retirement Plan as Creditable Service or Eligibility Service under the terms of those Plans.

**DESCRIPTION OF BENEFIT**

Subject to the terms and conditions of the Program, the County will pay a portion of the Retiree Plan premium in accordance with the following schedule:

**ELIGIBLE RETIREES WITH AT LEAST 15 YEARS OF COUNTY SERVICE**

<u>Years of Service<sup>1</sup></u>	<u>% of Premium Paid by County<sup>2</sup></u>
15-19	50% of the individual premium or over 65 premium
20-24	75% of the individual premium or over 65 premium
25 or greater	90% of the individual premium or over 65 premium

**ALL ELIGIBLE RETIREES WHO ELECT HUSBAND AND WIFE OR FAMILY HEALTH INSURANCE COVERAGE**

<u>Years of Service<sup>1</sup></u>	<u>% of Premium Paid by County<sup>3</sup></u>
15 or greater	25% of the difference between husband and wife coverage and individual coverage

**ALL ELIGIBLE RETIREES WHO ELECT DENTAL COVERAGE**

<u>Years of Service<sup>1</sup></u>	<u>% of Premium Paid by County<sup>3</sup></u>
15 or greater	25% of the individual premium, plus 25% of the difference between husband and wife coverage and individual coverage applied to husband and wife or family coverage.

- 1 With retirement effective January 1, 1999 or later, may include Transferred Service or Military Service recognized under the Maryland State Retirement and Pension System, the Howard County Retirement Plan or the Howard County Police and Fire Employees' Retirement Plan.
- 2 Based on the premium for the Aetna Select Open Access (HMO).
- 3 Based on the premium for the lowest cost plan.

## ADDITIONAL PROGRAM CONDITIONS

1. Effective July 1, 2009, an employee who will become an Eligible Retiree at retirement, i.e., an employee who retires with at least 15 years of County Service and was enrolled in an Active Employee **Health** Insurance Plan immediately preceding retirement, may enroll in a Retiree Plan for an effective date commensurate with their retirement date under this Program.

Eligible Retirees who enroll at retirement and subsequently drop their coverage will be allowed a *one-time only* opt-in during a future open enrollment period or due to a qualifying event as defined by applicable IRS guidelines. Eligible Retirees who elect not to enroll at retirement will be allowed a *one-time only* opt-in during a future open enrollment period or due to a qualifying event as defined by applicable IRS guidelines.

Other special enrollment provisions are defined in #10 and #11 below, and special grandfathering provisions are defined in #14.

2. Eligible Retirees may purchase coverage for their Dependents by paying the difference between the cost for their Retiree Plan and the County's contribution under the Program. Dependents may be added to or deleted from coverage at Open Enrollment held annually, or within 30 days of a documented status change. A documented status change is a birth, death, marriage, divorce, change of employment status, or loss of dependent status based on plan provisions.
3. Eligible Retirees and their Dependents over the age of 65 must be enrolled in one of the offered plans for over age sixty-five retirees and simultaneously be enrolled in both Medicare Part A and Medicare Part B.
4. Changes to the Active Employee Plan are made from time to time. These changes will apply to enrolled Eligible Retirees and their Dependents. The County will provide enrolled Eligible Retirees with 30 days notice of any significant changes in benefits.
5. Effective July 1, 2009, once an employee has 15 years of Howard County service, the Program will recognize up to 10 years of Transferred Service or up to 5 years of Military Service for Eligible Retirees.
6. Retirees collecting line of duty disability benefits from the Howard County Police and Fire Employees' Retirement Plan as a result of disabilities incurred while acting in the line of duty will receive health insurance benefits in accordance with that Plan.
7. If an enrolled Eligible Retiree dies, their Eligible Dependents may continue coverage by paying the full cost of their Retiree Plan until the Eligible Dependents marry, become eligible for coverage under another employer-

sponsored health insurance program or otherwise fail to meet the eligibility requirements of the Active Employee Plan.

8. Effective January 1, 1999, the surviving spouses and/or dependent children of an employee who is killed in the line of duty may enroll in the Program. The County will pay the full cost for the benefit.
9. The surviving spouse and/or dependent children of an employee who dies in active service may enroll in the Program by paying the full cost of their Retiree Plan, if the employee would have met the definition of an Eligible Retiree on the day prior to their death, and if the surviving spouse and/or dependent children will receive a Monthly Benefit Allowance from the Maryland State Retirement and Pension System, the Howard County Retirement Plan, or the Howard County Police and Fire Employees' Retirement Plan.
10. If a retiree receiving benefits under this Program is reemployed with the County, he or she will not be eligible for benefits under this Program during such periods of reemployment. All active employees are covered by the Active Employee Health Plan and are not eligible for coverage under this Program until they depart from active service. However, a reemployed retiree will regain eligibility for the Program at the termination of their second (or subsequent) period(s) of employment, as long as coverage under a County health insurance plan has been continuous.
11. An employee who terminates employment but is not eligible to collect an immediate Monthly Benefit Allowance is not an Eligible Retiree under this Program, even if they had fifteen or more years of County Service. However, any employee who is involuntarily separated from employment for reasons other than those listed in Section 1.115(b) of the County Code and who had at least fifteen years of County Service will become eligible to enroll in the Program when they begin collecting their Monthly Benefit Allowance.
12. Employees with Part Time County Service may be Eligible Retirees in the Program. However, the percentage of premiums paid by the County will be equal to one-half of the percentage of premiums paid by the County for County Service. If Eligible Retirees have both part time County Service and full time County Service, the percentage of benefit paid by the Program will be prorated accordingly.
13. The cost of the Retiree Plan will be deducted from the Eligible Retiree's Monthly Benefit Allowance, if the Monthly Benefit Allowance is sufficient to cover the cost of the Retiree Plan. If the Monthly Benefit Allowance is not sufficient to cover the cost of the Retiree Plan, or if the cost of the Retiree Plan is minimal, other arrangements for direct payments to the County may be arranged.

14. The Program amended July 1, 2009, provides three Grandfathering Provisions for active employees on the amendment date, as follows:

***Eligibility Rule:*** Employees with at least 10 years of County Service as of July 1, 2009, or employees hired between July 1, 1999 and June 30, 2009 who were age 50 or older at the time of their hire and have at least 10 years of County Service at the time of retirement will be Eligible Retirees.

***The Prime Health Insurance Carrier:*** The prime health insurance carrier is defined as the Aetna PPO plan for anyone who retired on or before July 1, 2009.

***Percentage of Premium Paid by County:*** The County will pay a portion of the monthly retiree health insurance premiums based on the number of years of full time benefited employment with the County to a maximum of 100% paid for employees who retired on or before July 1, 2009. Employees with 25 or more years of service as of July 1, 2009 will also be eligible for the 100% level if they have at least 30 years of County Service between County Service and Military Service at retirement.

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August 13, 2009

